



**Colorado
Legislative
Council
Staff**

HB16-1277

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0546 **Date:** September 7, 2016
Prime Sponsor(s): Rep. Lontine; Landgraf **Bill Status:** Signed into Law
 Sen. Kefalas; Roberts **Fiscal Analyst:** Bill Zepernick (303-866-4777)

BILL TOPIC: APPEAL PROCESS FOR CHANGES TO MEDICAID BENEFITS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	\$25,000	Potential increase.
General Fund	2,500	
Federal Funds	22,500	
Appropriation Required: \$25,000 - Department of Health Care Policy and Financing (FY 2016-17).		
Future Year Impacts: Potential ongoing cost and workload increase.		

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to give Medicaid clients at least 10 days advanced notice prior to suspending, terminating, or modifying a client's medical assistance benefits (intended action). The bill also extends the deadline to appeal for a client to appeal the intended action to 60 days after the date of notice, up from 30 days under current law. For clients filing an appeal prior to the date of the intended action, medical benefits must be provided until the appeal is complete. For clients filing an appeal after the date of intended action, HCPF may make an exception and continue to provide medical benefits. HCPF must promulgate rules for these continuing benefits that are consistent with federal law, which permits continuing medical coverage following late appeals in limited circumstances.

Under current law, dispute resolution through a county department of human services or a Medicaid service agency is only available to clients prior to filing an appeal with HCPF. The bill allows clients to request county dispute or service agency resolution both before and after an appeal has been filed with HCPF at the state level. The bill outlines deadlines and procedures concerning the expansion of access to the dispute resolution process.

Background

Under current law, Medicaid clients are given a 10-day advanced notice prior to HCPF taking action to suspend, terminate, or modify a client's medical assistance benefits. Medical coverage will continue until the last day of the month following the intended action to allow a client to seek alternate coverage and prevent gaps in coverage. HCPF may set the date of an intended action to end or modify a client's medical benefits upon receipt of information indicating that a client no longer meets the requirements for the current type of coverage. This information may include,

among other things, self-reported changes in income or household status given to county departments of human services and periodic reports on client income to HCPF from the Colorado Department of Labor and Employment. Actions to end or modify a client's medical benefits occur throughout the month as information is received.

State Expenditures

The bill increases one-time costs in HCPF by **\$25,000 in FY 2016-17**, paid with General Fund and federal funds, for information technology system modifications. In FY 2017-18 and beyond, HCPF and the Office of Administrative Courts in the Department of Personnel and Administration (DPA) may have increased workload and costs. The costs and impacts of the bill are discussed below. The fiscal note assumes that the computer system changes will be made and the bill implemented by January 1, 2017.

Medicaid waiver data system. To implement the changes in the bill, modifications to the home- and community-based service (HCBS) waiver data system (known as the Vital System) are required at a total one-time cost of \$25,000 in FY 2016-17. A 90 percent federal match is assumed for this work, conditional upon advanced federal approval. The remainder is paid from the General Fund.

Colorado Benefits Management System (CBMS). This bill requires 86 hours of contract computer programming for changes to the Colorado Benefits Management System (CBMS). For FY 2016-17, the Office of Information Technology has been appropriated funding for 117,276 programming hours for CBMS modifications (CBMS pool hours) in order to comply with federal requirements, make system enhancements, and implement new legislation. The fiscal note assumes the modifications required by this bill can be conducted within the existing appropriation for CBMS pool hours. If the total hours of computer programming for all planned CBMS modifications and modifications resulting from new legislation exceed this allocation, additional appropriations must be requested by HCPF through the annual budget process. If CBMS pool hours are not available, this bill is estimated to increase costs by up to \$11,783 in FY 2016-17, including \$2,946 General Fund and \$8,837 federal funds.

Other HCPF impacts. Under the bill, HCPF may have a minimal increase in administrative workload to handle appeals, respond to client inquiries, and participate in additional dispute resolution cases. The bill could encourage more clients to seek continued Medicaid coverage when filing appeals after the date of intended action. However, such exceptions are currently permitted and any potential increase in service costs is assumed to be minimal.

Office of Administrative Courts. The changes in the timing of the appeals process under the bill could shift workload for the Office of Administrative Courts in the DPA. However, no significant increase in cases referred to the administrative courts is expected and any shifting of workload will be addressed through the annual budget process.

Local Government Impact

The bill increases costs and workload for counties in several ways. By modifying the Medicaid appeal process and establishing differing deadlines for Medicaid compared with several other programs administered by counties, additional staff time may be required to communicate with clients, respond to questions, and conduct training. In addition, the bill may increase usage of the county dispute resolution process in cases where an appeal has already been filed with HCPF.

Effective Date

The bill was signed into law by the Governor on June 1, 2016, and it became effective on September 1, 2016.

State Appropriations

Consistent with this fiscal note, for FY 2016-17, the bill includes an appropriation of \$25,000 to HCPF for information technology system changes and projects, of which \$2,500 is General Fund and \$22,500 is federal funds.

State and Local Government Contacts

Counties
Information Technology

Health Care Policy and Financing
Personnel